

29 July 2022

Dear Sir/Madam

IMPORTANT INFORMATION – PLEASE READ CAREFULLY

Our records show that you are party to reinsurance or retrocession agreements with AGF Insurance Limited (**AGF**) and/or Catalina London Limited (**CLL**) (the **Reinsurance Agreements**).

Why are we writing to you?

We are writing to inform you that it is proposed that at **23:59 GMT on 30 November 2022** each of AGF and CLL (the **Transferors**) will transfer the entirety of the general insurance and reinsurance business (the **Transferring Business**) it has written and/or assumed to Catalina Worthing Insurance Limited (**CWIL**) (the **Proposed Transfer**).

Under the Reinsurance Agreements, you presently reinsure risks of AGF and/or CLL (as the case may be) under certain policies that form part of the Transferring Business. If the Proposed Transfer is sanctioned by the High Court of England and Wales (the **Court**), CWIL will become the cedant under the Reinsurance Agreements.

Accordingly, this letter contains important information about the Proposed Transfer. In particular, you are entitled to make representations to the Court if you consider that you are adversely affected by the Proposed Transfer and this letter contains information on how to do so.

Background

AGF is a UK-authorized insurer, which has been in run-off since 1998. Prior to that date, it predominantly had underwritten employers' liability and public liability insurance in the United Kingdom. AGF was formerly known as the Employers' Mutual Insurance Association Limited, N.E.M. Insurance Company Limited and NEM Insurance Company Limited. AGF also acquired the business of the National Employers Mutual in 1989.

CLL is a UK-authorized insurer, which has been in run-off since 2005. CLL was formerly known as American Re-Insurance Company (UK) Limited, Aetna Re-Insurance Company (UK) Limited, The Imperial Fire & Marine Re-Insurance Company Limited and Alea London Limited. CLL also acquired the insurance and reinsurance business of KX Reinsurance Company Limited and OX Reinsurance Company Limited on 30 November 2017.

CWIL is a UK-authorized insurer, which has been in run-off since 2012. CWIL was formerly known as Hartford Financial Products International Limited and in 2015 acquired the business of Excess Insurance Company Limited, a portfolio originally written by London & Edinburgh Insurance Company from Aviva Insurance UK Limited and the business written by the London branch of Hartford Fire Insurance Company.

The Transferors and CWIL are each wholly owned subsidiaries of Catalina Holdings UK Limited (**CHUK**) and each is in run-off. CHUK is itself an indirect wholly owned subsidiary of Catalina Holdings Bermuda Limited (**CHBL**). The group headed by CHBL (the **Catalina Group**) is an acquirer of legacy insurance portfolios. The Catalina Group was established in 2007 and as at 31 December 2021 held assets of \$6.66bn, \$1.4bn of shareholder funds and gross liabilities of over \$5.25bn under management.

The purpose of the Proposed Transfer is to consolidate and simplify the Catalina Group's UK regulated insurance businesses into one insurance company in order to increase operational efficiency, reduce duplication and facilitate the efficient deployment of capital across the Catalina Group's UK operations. This is intended to support both: (i) the management of the run-off of the existing portfolios of the Transferors and CWIL; and (ii) the acquisition and integration of additional portfolios going forwards.

Information about the Proposed Transfer

The Proposed Transfer must be carried out in accordance with the UK Financial Services and Markets Act 2000. This requires us to obtain approval from the Court.

The Court hearing is due to take place on **18 November 2022** at the **High Court of Justice, 7 Rolls Building, Fetter Lane, London, EC4A 1NL, United Kingdom**. Subject to Court approval, it is expected that the Transferring Business will automatically transfer to CWIL at **23:59 GMT** on **30 November 2022**. Any change to the date of the Court hearing or the date of the Proposed Transfer will be announced on our website www.catalinaworthing.co.uk/PartVII.html.

If approved by the Court, the effect of the Court order is that all rights, benefits and powers conferred on or vested in AGF and/or CLL (as the case may be) under the Reinsurance Agreements, as well as all obligations imposed on AGF and/or CLL (as the case may be) in respect of the Reinsurance Agreements, will, without further action and insofar as such rights, benefits, powers and obligations relate to the Transferring Business, be transferred to CWIL subject to the terms of the Proposed Transfer as if CWIL had been the party to the relevant Reinsurance Agreement from inception. All references in the Reinsurance Agreements to AGF and/or CLL (as the case may be) and their respective directors, officers and employees or agents would then be read and construed, to the extent that such references relate to the Transferring Business, as being references to CWIL and its directors, officers and employees or agents.

The terms of the transfer mean that you will not be prejudiced by the Proposed Transfer as you will have no greater or lesser liability to CWIL under any Reinsurance Agreement than you would have had to AGF and/or CLL (as the case may be) under that Reinsurance Agreement in the absence of the Proposed Transfer. Set-off rights that exist prior to the Proposed Transfer will be preserved.

There will be no change to the arrangements for policy and claims administration as a result of the Proposed Transfer, including the notification of inwards claims, the claims agreement process and the calculation, cession and collection of reinsurance recoveries.

The process

An independent expert (the **Independent Expert**) has been appointed to write a report for the Court. The appointment of the Independent Expert was approved by the Prudential Regulation Authority (the **PRA**) in consultation with the Financial Conduct Authority (**FCA**). The Independent Expert has assessed the impact of the Proposed Transfer and has concluded that it will not materially adversely affect the reinsurers of either AGF or CLL.

The Court must approve the Proposed Transfer for it to go ahead. The Court will only approve the Proposed Transfer if certain legal requirements are satisfied and if, in all the circumstances, the Court considers it appropriate to approve the Proposed Transfer. In reaching its decision, the Court will consider the views of the Independent Expert, the PRA, the FCA and any person who alleges that they would be adversely affected by the Proposed Transfer.

You have the right to attend the Court hearing that will consider the Proposed Transfer and to present any objections or concerns that you may have directly, or appoint legal counsel to attend on your behalf. If you want to telephone or write to us rather than appear in person, we will present in writing any objections received from you to the Court on **18 November 2022**. If you decide to write to us, you are kindly requested to do so as soon as possible and preferably no later than **11 November 2022**.

What should you do?

To help you consider how the Proposed Transfer may affect you, we have enclosed a booklet containing more information and background in relation to the Proposed Transfer:

- “Questions and Answers” about the Proposed Transfer;
- a summary of the legal document that sets out the terms of the Proposed Transfer (the **Scheme Document**);
- a summary of the Independent Expert’s report; and
- a copy of a legal notice setting out details of the Court hearing for the Proposed Transfer.

If you are comfortable with the Proposed Transfer and the information contained in and included with this letter, you do not need to take any further action.

However, should you need any further information or if you have any questions or concerns about the Proposed Transfer or consider that you may be adversely affected then please contact us as soon as possible and preferably no later than **11 November 2022**.

You can:

- contact us by telephone at +44 1903 836804. When calling the helpline number, please leave a short message stating the nature of your query and your contact details and we will endeavour to return your call within 48 hours (excluding Saturdays, Sundays and public holidays);
- write to us at Part VII Enquiries, Catalina Services UK Limited, 1st Floor, 1 Alie Street, London E1 8DE; or
- e-mail us at: PartVIItransfer@catalinare.com.

For your convenience, this information is also available on our website www.catalinaworthing.co.uk/PartVII.html, together with full copies of the documents enclosed with this letter, the Scheme Document and the Independent Expert’s report. All updates and details about the progress of the Proposed Transfer, including the supplemental Independent Expert’s report(s) that may be prepared prior to the Court hearing, will also be posted on this website. If you require hard copies of the documentation included on our website, please contact us using the details set out above.

If you have any general questions about the Reinsurance Agreement(s), please call your usual contact within the Catalina Group.

Yours faithfully,

Graeme McAndrew
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For and on behalf of
AGF Insurance Limited

Graeme McAndrew
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For and on behalf of
Catalina Worthing Insurance Limited

Graeme McAndrew
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For and on behalf of
Catalina London Limited